

6/23/04

Robert H. Herz, Chairman
Order Department, Financial Accounting Standards Board
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

Director of Major Projects—File Reference No. 1102-100

Dear Chairman Herz,

It is a sad statement of our times but most workers have become accustomed to the fact that great performance cannot guarantee a salary increase. That is why I am so pleased with the fact that the company where I work has invested in different ways to motivate employees. In my opinion, the most effective of these methods has been the implementation of stock option plans. Via these plans, we all become invested in the success of the company and we are able to secure a better financial future for ourselves and our families.

That is why I am so concerned that instituting the FASB requirement for mandatory expensing of stock options would endanger broad-based employee stock option plans. Mid-level and lower-level employees will be hurt by this accounting standard the most because we stand in danger of losing our stock options. This will not result in companies' compliance with the FASB standard, but rather, they will drop stock options for rank-and-file employees altogether.

From an economic perspective, there are few policies as important as the mandatory expensing of stock options. This proposal needs to be eliminated in order to allow small businesses an opportunity to continue to offer stock options to their employees. Without small business stock option incentives it would be difficult to build a successful team of employees due to the lack of incentives to motivate team players. It will be difficult for businesses to offer decent financial incentives and will harm employees' ability to provide for their families. Please take this into consideration and stand against the FASB's proposal. Reconsider the mandatory expensing of stock options. Thank you.

Sincerely,

Ashok B. Patel
Ashok B. Patel
1374 Sajak Ave.
San Jose, CA 95131

cc: Senator Barbara Boxer
Senator Dianne Feinstein